

\_\_\_\_\_ BILL NO. \_\_\_\_\_

INTRODUCED BY \_\_\_\_\_  
(Primary Sponsor)

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING AN EDUCATION TRUST FUND ACCOUNT; ALLOCATING COAL SEVERANCE TAXES TO THE EDUCATION TRUST FUND ACCOUNT; PROVIDING FOR THE USE OF THE INTEREST AND EARNINGS ON THE EDUCATION TRUST FUND ACCOUNT; AMENDING SECTIONS 15-35-108, 20-9-343, AND 20-9-620, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**NEW SECTION.** **Section 1. Education trust fund account.** (1) There is an education trust fund account in the fiduciary fund category as provided in 17-2-102. Money is deposited in the account pursuant to 15-35-108. The money in the account must be invested pursuant to Title 17, chapter 6. The income and earnings on the account must be deposited in the account. Only the income and earnings on the account may be appropriated.

(2) The income and earnings on the account are allocated as follows:

(a) 10% to be appropriated by the legislature to the university system for vocational-technical programs within a unit of the university system and adult education programs pursuant to Title 20, chapter 7;

(b) 67.5% to be appropriated for state equalization aid as provided in 20-9-343; and

(c) 22.5% to be appropriated to the board of regents for use by the university system.

**Section 2.** Section 15-35-108, MCA, is amended to read:

**"15-35-108. (Temporary) Disposal of severance taxes.** Severance taxes collected under this chapter must, in accordance with the provisions of 15-1-501, be allocated as follows:

(1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law.

(2) The amount of 12% of coal severance tax collections is allocated to the long-range building program account established in 17-7-205.

(3) The amount of 5.46% must be credited to an account in the state special revenue fund to be allocated

1 by the legislature for provision of basic library services for the residents of all counties through library federations  
2 and for payment of the costs of participating in regional and national networking, conservation districts, and the  
3 Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account.  
4 Money may not be transferred from this account to another account other than the general fund. Any unreserved  
5 fund balance at the end of each fiscal year must be deposited in the general fund.

6 (4) The amount of 1.27% must be allocated to a permanent fund account for the purpose of parks  
7 acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses,  
8 must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas  
9 described in 23-1-102.

10 (5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable  
11 resource loan debt service fund.

12 (6) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art  
13 in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding  
14 unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other  
15 cultural and aesthetic projects.

16 (7) The amount of 2.9% must be credited to the oil, gas, and coal natural resource account established  
17 in 90-6-1001.

18 (8) The amount of 10% must be credited to the education trust fund established in [section 1].

19 ~~(8)(9)~~ (a) Subject to subsection ~~(8)(b)~~ (9)(b), all other revenue from severance taxes collected under the  
20 provisions of this chapter must be credited to the general fund of the state.

21 (b) The interest income from \$140 million of the coal severance tax permanent fund that is deposited  
22 in the general fund is statutorily appropriated, as provided in 17-7-502, on an annual basis as follows:

23 (i) \$65,000 to the cooperative development center;

24 (ii) \$1.25 million for the growth through agriculture program provided for in Title 90, chapter 9;

25 (iii) \$3.65 million to the research and commercialization state special revenue account created in  
26 90-3-1002;

27 (iv) to the department of commerce:

28 (A) \$125,000 for a small business development center;

29 (B) \$50,000 for a small business innovative research program;

30 (C) \$425,000 for certified regional development corporations;

(D) \$200,000 for the Montana manufacturing extension center at Montana state university-Bozeman;

and

(E) \$300,000 for export trade enhancement. (Terminates June 30, 2010--sec. 6, Ch. 481, L. 2003.)

**15-35-108. (Effective July 1, 2010) Disposal of severance taxes.** Severance taxes collected under this chapter must, in accordance with the provisions of 15-1-501, be allocated as follows:

(1) Fifty percent of total coal severance tax collections is allocated to the trust fund created by Article IX, section 5, of the Montana constitution. The trust fund money must be deposited in the fund established under 17-6-203(6) and invested by the board of investments as provided by law.

(2) The amount of 12% of coal severance tax collections is allocated to the long-range building program account established in 17-7-205.

(3) The amount of 5.46% must be credited to an account in the state special revenue fund to be allocated by the legislature for provision of basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking, conservation districts, and the Montana Growth Through Agriculture Act. Expenditures of the allocation may be made only from this account. Money may not be transferred from this account to another account other than the general fund. Any unreserved fund balance at the end of each fiscal year must be deposited in the general fund.

(4) The amount of 1.27% must be allocated to a permanent fund account for the purpose of parks acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses, must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102.

(5) The amount of 0.95% must be allocated to the debt service fund type to the credit of the renewable resource loan debt service fund.

(6) The amount of 0.63% must be allocated to a trust fund for the purpose of protection of works of art in the capitol and for other cultural and aesthetic projects. Income from this trust fund account, excluding unrealized gains and losses, must be appropriated for protection of works of art in the state capitol and for other cultural and aesthetic projects.

(7) The amount of 2.9% must be credited to the oil, gas, and coal natural resource account established in 90-6-1001.

(8) The amount of 10% must be credited to the education trust fund established in [section 1].

~~(8)~~(9) All other revenue from severance taxes collected under the provisions of this chapter must be

1 credited to the general fund of the state."

2  
3 **Section 3.** Section 20-9-343, MCA, is amended to read:

4 **"20-9-343. Definition of and revenue for state equalization aid.** (1) As used in this title, the term "state  
5 equalization aid" means revenue as required in [section 1] and this section for:

6 (a) distribution to the public schools for guaranteed tax base aid, BASE aid, state reimbursement for  
7 school facilities, and grants for school technology purchases; and

8 (b) negotiated payments authorized under 20-7-420(3) up to \$500,000 a biennium.

9 (2) The superintendent of public instruction may spend throughout the biennium funds appropriated for  
10 the purposes of guaranteed tax base aid, BASE aid for the BASE funding program, state reimbursement for  
11 school facilities, negotiated payments authorized under 20-7-420(3), and school technology purchases.

12 ~~(3) From July 1, 2001, through June 30, 2003, the following money must be paid into the guarantee~~  
13 ~~account provided for in 20-9-622 for the public schools of the state as indicated:~~

14 ~~—— (a) interest and income money described in 20-9-341 and 20-9-342; and~~

15 ~~—— (b) investment income earned by investing interest and income money described in 20-9-341 and~~  
16 ~~20-9-342.~~

17 ~~(4)(3)~~ Beginning July 1, 2003, the following money must be paid into the guarantee account provided  
18 for in 20-9-622 for the public schools of the state as indicated:

19 (a) (i) subject to subsection ~~(4)(a)(ii)~~ (3)(a)(ii), interest and income money described in 20-9-341 and  
20 20-9-342; and

21 (ii) an amount of money equal to the income money attributable to the difference between the average  
22 sale value of 18 million board feet and the total income produced from the annual timber harvest on common  
23 school trust lands during the fiscal year, which is statutorily appropriated, pursuant to 20-9-534, to be used for  
24 the purposes of 20-9-533;

25 (b) investment income earned by investing interest and income money described in 20-9-341 and  
26 20-9-342."

27  
28 **Section 4.** Section 20-9-620, MCA, is amended to read:

29 **"20-9-620. Definition.** (1) As used in 20-9-621, 20-9-622, and this section, "distributable revenue"  
30 means, except for that portion of revenue described in ~~20-9-343(4)(a)(ii)~~ 20-9-343(3)(a)(ii) and available on or

1 after July 1, 2003, in 77-1-607, and in 77-1-613, 95% of all revenue from the management of school trust lands  
2 and the permanent fund, including timber sale proceeds, lease fees, interest, dividends, and net realized capital  
3 gains.

4 (2) The term does not include mineral royalties or land sale proceeds that are deposited directly in the  
5 permanent fund or net unrealized capital gains that remain in the permanent fund until realized."  
6

7 NEW SECTION. **Section 5. Codification instruction.** [Section 1] is intended to be codified as an  
8 integral part of Title 20, chapter 9, and the provisions of Title 20, chapter 9, apply to [section 1].  
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10 NEW SECTION. **Section 6. Effective date.** [This act] is effective July 1, 2007.  
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